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United States
Department of
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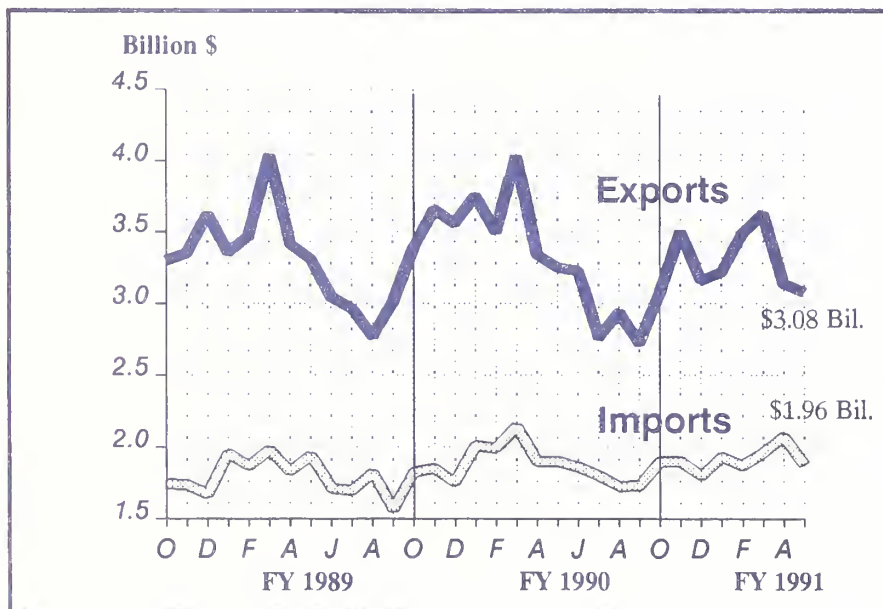
Foreign
Agricultural
Service

Circular Series

ATH 7 91
July 1991

AGRICULTURAL TRADE HIGHLIGHTS

Agricultural Exports for May Continue to Fall



May trade statistics released on July 18 by the Commerce Department placed U.S. agricultural exports at \$3.1 billion. This figure was down 2 percent from April and down 5 percent (\$176 million) from year-earlier levels. The cumulative export total for fiscal 1991 (October-May) reached \$26.3 billion, down 8 percent from the same period last year. Export volume for May equaled 9.7 million tons, down 10 percent from April and down 16 percent from last May.

Export performance for *bulk commodities* was mixed in May. Overall, bulk exports were down \$230 million, led by corn (down 49 percent), wheat (down 17 percent), and cotton (down 5 percent). Commodities registering increases were soybeans (up 66 percent), tobacco (up 65 percent), and rice (up 44 percent).

Intermediate exports also experienced a decline in May, falling by \$25 million. Sharp drops in sales of soybean oil (down 48 percent), animal fats (down 34 percent), and hides and skins (down 19 percent) more than offset gains in feeds and fodders (up 30 percent) and live animals (up 31 percent).

Consumer-oriented exports continued to be the bright spot in May, up \$82 million from year-earlier levels. Cumulative year-to-date figures place this category 20 percent ahead of 1990, led by increased exports of red meats and horticultural products. Year-to-date, these commodities were up more than \$240 million and \$690 million, respectively, from the same period in fiscal 1990.

Overall, the consumer-oriented category showed the only increase, up 9 percent from year-ago levels.

Bulk and intermediate exports fell 14 percent and 3 percent, respectively. For May, bulk exports accounted for 45 percent of total U.S. exports, intermediate, 23 percent, and consumer-oriented, 31 percent.

Export performance with the top 10 U.S. trading partners was mostly up in May, with six countries advancing and four declining. In terms of value, Japan and Taiwan turned in the strongest performances for the month, up \$33 million each. Other gainers included Hong Kong, Saudi Arabia, Mexico, and Canada. The largest decline was registered by the Soviet Union, falling 73 percent (\$190 million).

Agricultural imports for May totaled \$1.96 billion, a 5-percent decline from April and a 1-percent decline from year-ago levels. May's imports bring the year-to-date total to \$15.4 billion, unchanged from the same period in fiscal 1990. When combined with the export figure, May's imports put the agricultural trade surplus for the month at \$1.1 billion, \$150 million below last year's surplus.

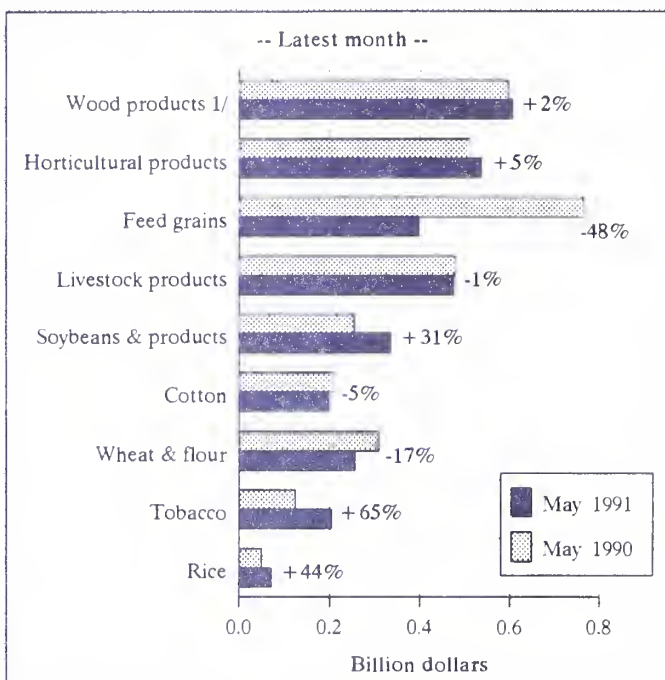
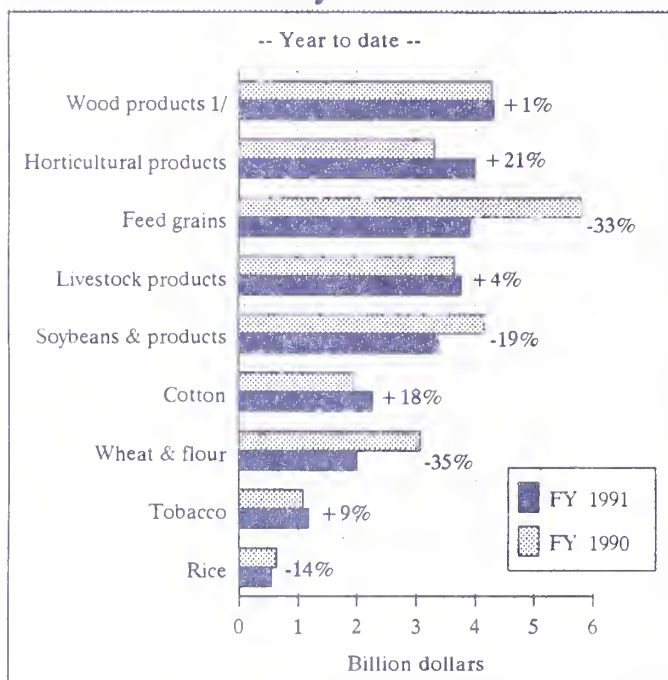
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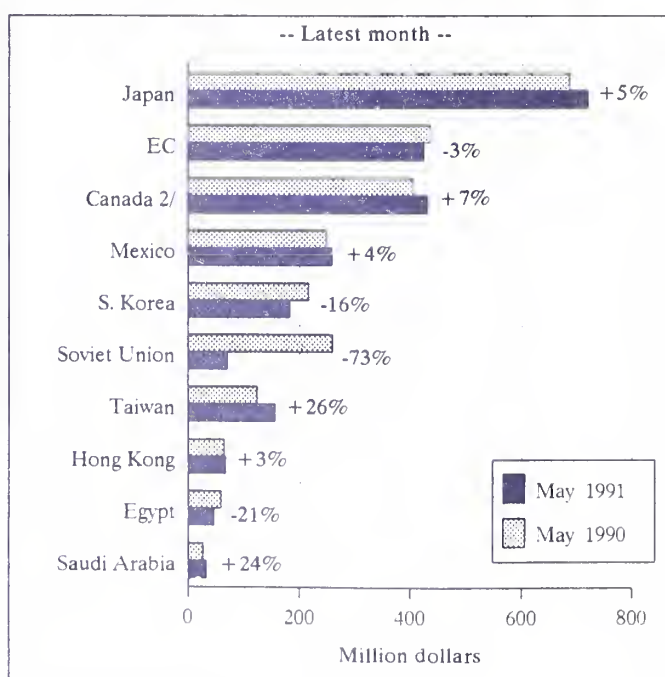
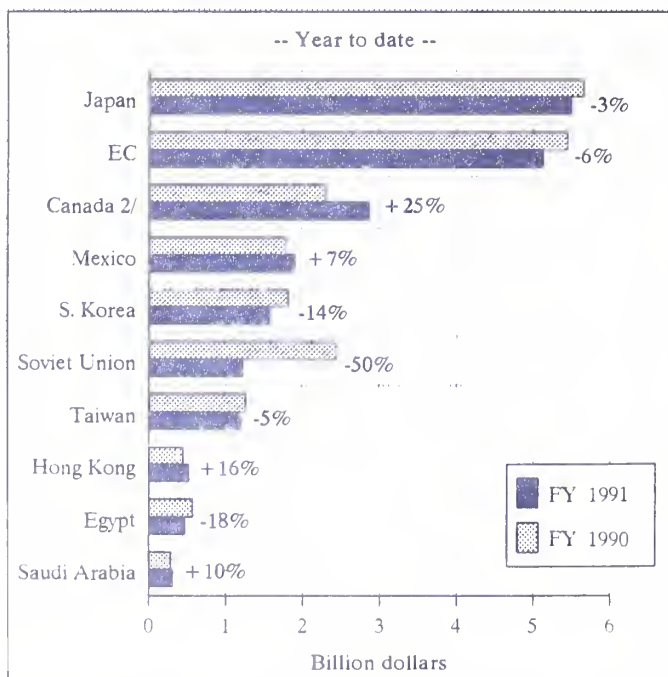
U.S. Agricultural Export Summaries

October-May and Latest Month Comparisons

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.

1/ Not included in agricultural totals. 2/ U.S. agricultural exports to Canada have been under-reported in past years by about \$1 billion a year and officially recognized by both Governments. Effective January 1990, the U.S. Bureau of the Census began adjusting U.S. export statistics to account for these differences.

Commodity Highlights

May's exports of \$3.1 billion were down 5 percent from last May. The decline was led by lower shipments of feed grains and wheat. However, substantial gains in rice, unmanufactured tobacco, and soybeans exports helped to offset these losses.

The value of *wheat and flour* exports for May remained low at \$257 million. This figure was unchanged from April, but down 17 percent from May 1990. However, export volume of 2.3 million tons in May continued a 4-month trend of higher volumes, rising 14 percent from last May. This leaves year-to-date export volume within 2 percent of last year's total.

Export value to the *top five markets* were mixed with two decliners (the USSR and China) and three gainers (Japan, Egypt, and Korea). Lower exports to the EC, Iraq, Algeria, and Bangladesh (each down \$8 million) made up the bulk of the decrease. There were, however, some bright spots in May with exports to Colombia up \$13 million and exports to Tunisia, Jordan, Israel, Sudan, and Mexico all up between \$3 million and \$5 million.

Feed grain exports dropped below \$400 million, a 48-percent decrease from last May. Export volume was also down nearly 45 percent. Almost all significant markets declined--the USSR (down \$163 million), Korea (down \$48 million), Mexico (down \$33 million), Japan (down \$228 million), Romania (down \$18 million), and Poland, the EC, Iraq, Egypt, and Saudi Arabia (down 8-12 million dollars each). The only major market where higher exports were reported was Taiwan at \$58 million, up \$6 million. Year-to-date, increased exports were reported for Brazil, Peru, the Dominican Republic, Yugoslavia, and Israel. While individually these are not major markets, combined, their purchases have kept total feed grain exports from reaching even lower levels.

Rice exports rebounded in May, up 44 percent, to \$72 million. Prices have risen from recent levels and are higher than last May as the end of the marketing year approaches and domestic stocks are limited. However, so far this fiscal year, exports of rice are down 14 percent in value and 4 percent in volume. For May, exports to Liberia, Jamaica, the Dominican Republic, Brazil, the EC, and Poland were all up between \$2 million and \$5 million, while exports to South Africa and Saudi Arabia were up \$8 million. Decreases were reported for Jordan (down \$9 million), Senegal, and the Ivory Coast (down \$4 million each).

Unmanufactured tobacco exports in May were up 65 percent to \$205 million. May's performance leaves year-to-date exports at \$1.2 billion, up 9 percent from last year. Increases to Japan (up \$40 million) and Turkey (up \$32 million) accounted for most of the gain. With the exception of Taiwan, the value of shipments are up to all five major markets so far this year.

At \$336 million, exports of *soybeans and products* were up \$80 million (31 percent) from last May. Strong soybean exports of \$246 million (up 66 percent) more than offset lower soybean oil (down 5 percent) and soybean meal (down 50 percent) shipments. Exports to Japan (up \$35 million), Korea (up \$25 million), Mexico (up \$21 million), and the EC (up \$12 million) raised values above May 1990 levels. There were no reported exports to Pakistan for the month, down from \$19 million last May. Exports to Pakistan, which accounted for 50 percent of soybean oil shipments in fiscal 1990, are down 75 percent so far in fiscal 1991.

Cotton exports of \$199 million were down 5 percent from last May, but are up 18 percent for the year. Exports to China were up \$37 million helping to bring 1991 fiscal year-to-date exports to 55 percent higher than 1990. Algeria has been a strong player in the market recently and in May purchased an additional \$9 million. Exports to Japan, Egypt, and Korea were down from 1990, but year-to-date exports remain above last year for these countries. Exports to the EC were below last May and for the year are down 15 percent.

Horticultural product exports in May totaled \$537 million, up 5 percent (or \$26 million) from last May. Increased exports to Canada accounted for \$24 million of the \$26 million increase.

So far this year, horticultural exports are just short of \$4 billion which is a record-setting pace and well ahead of year-earlier levels. The gain is broad-based with all five major markets running well ahead of last year's sales.

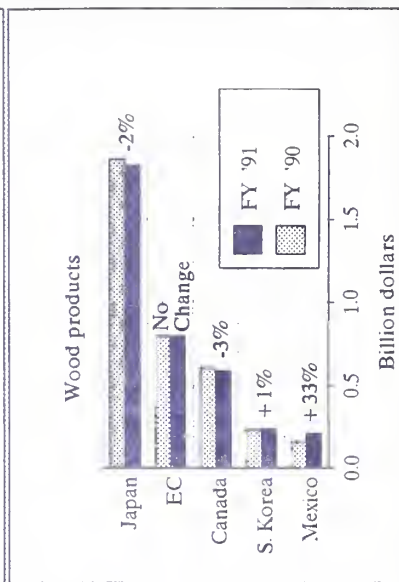
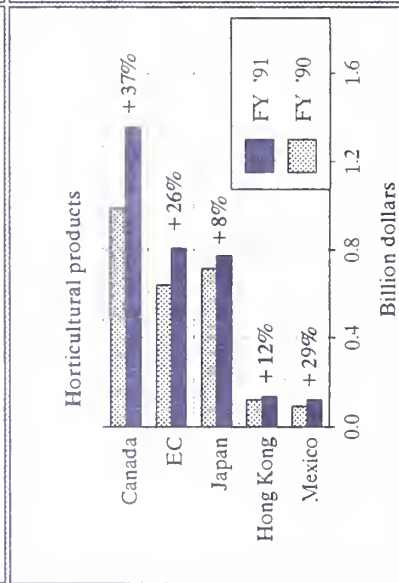
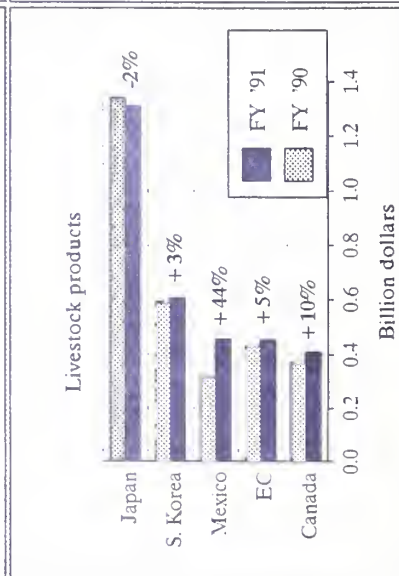
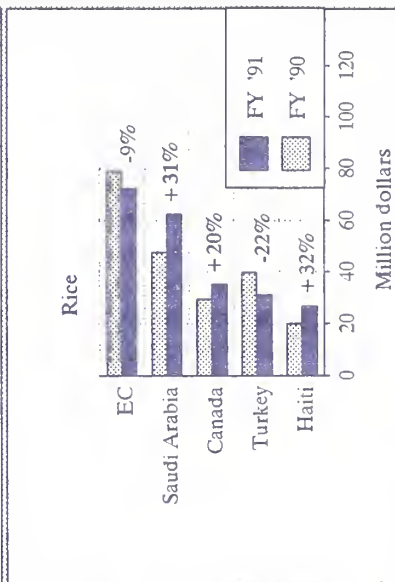
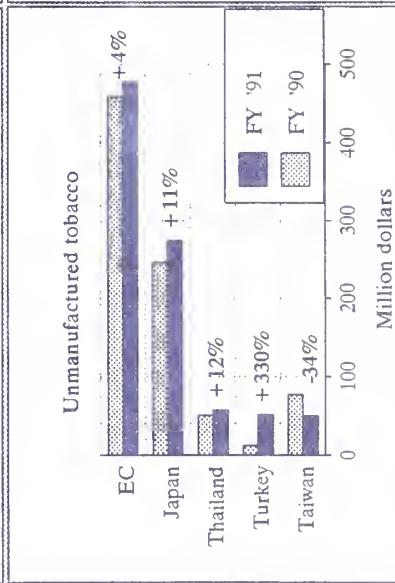
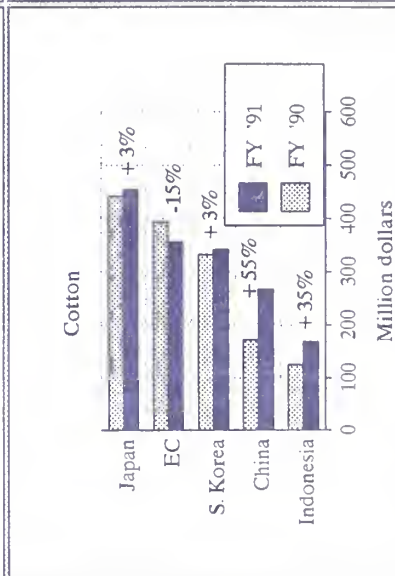
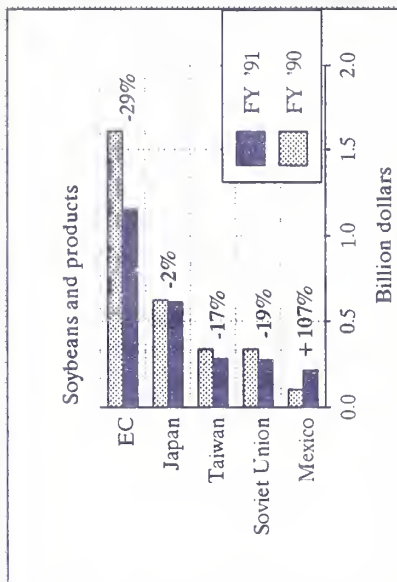
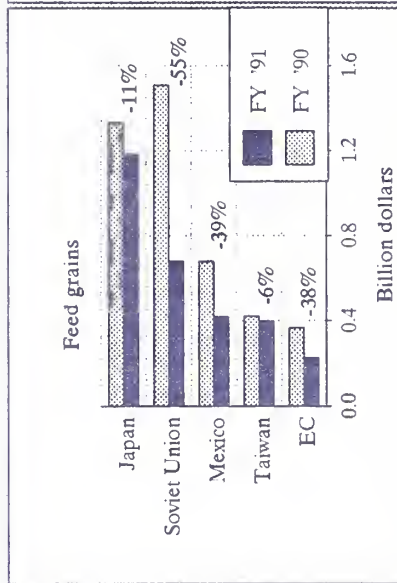
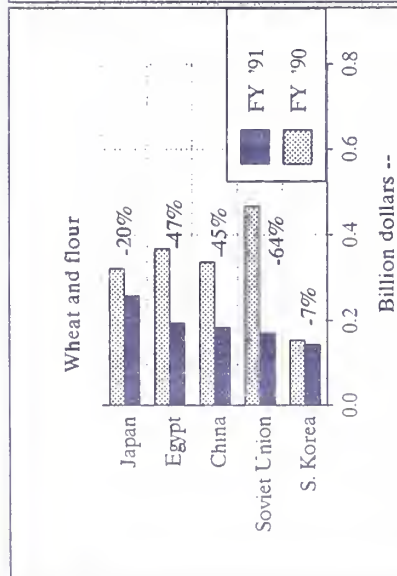
Exports of *livestock products* in May were virtually unchanged from last year at \$470 million, while exports for the year are up slightly (4 percent). Sales in May were mixed with higher exports to Mexico (up \$18 million), Taiwan, Hong Kong, and Canada (each up over \$5 million) and lower exports to Japan (down \$15 million), Korea (\$8 million), and the EC (\$4 million). For the year, exports to all these markets are up except for Japan (down 2 percent). Exports to Mexico are up 43 percent for the year.

Wood product exports of \$606 million in May were up 11 percent from April and 2 percent from last May. Exports to most major markets were unchanged, while exports to Hong Kong were down \$16 million and exports to Mexico were up \$13 million.

For more information contact James Johnson at (202) 382-9522.

Top Five Markets for Major U.S. Commodities

October - May Comparisons



Note: Percentages are computed as the change from fiscal 1990 to fiscal 1991.
1/Negligible exports reported during comparable period last year.

Country Spotlight: The Caribbean Islands



Since 1983, U.S. agricultural exports to the Caribbean Islands have grown by over 30 percent, ranking them as the seventh largest U.S. farm market in 1989. Furthermore, after Canada and Mexico, the Caribbean is the third most valuable U.S. market in the western hemisphere. Recently, the Caribbean basin has become the focus of efforts by the U.S. government to stimulate trade within the western hemisphere, in the form of the Caribbean Basin Initiative (CBI) and the Enterprise for the Americas Initiative (EAI). These actions, combined with the islands' proximity to the United States and a well-established tourist industry, makes the Caribbean a promising growth market for U.S. agricultural products--especially consumer-oriented products.

In calendar 1990, the United States exported over \$1 billion of agricultural products to the Caribbean Is-

lands, providing the region (excluding Cuba) with 46 percent of its total agricultural imports valued at \$2.2 billion. U.S. sales to the region have nearly tripled since 1975. Furthermore, the U.S. market share since 1983 has been rising, with purchases from the United States expanding at a faster rate (30 percent) than purchases from the world (20 percent).

U.S. bulk exports have also performed well in the Caribbean region, rising 43 percent since 1983. However, most of this growth has occurred in sales to the Dominican Republic and Haiti--recipients of large shipments of program-related bulk exports. When these countries are excluded, a more representative picture of the underlying trends taking place in the Caribbean becomes clear.

Excluding Hispaniola, 56 percent of total U.S. exports to the Caribbean fall into the consumer-oriented category, rising 33 percent since 1983. Major imports include poultry meats (\$60 million), beef and veal (\$34 million), sugar and related products (\$45 million), and prepared/preserved vegetables (\$31 million), with the fastest growth occurring in the latter group. Since 1986, U.S. exports of prepared/preserved vegetables have risen by 230 percent, up from \$9.4 million.

The top consumer-oriented markets for the United States in 1990 included the Bahamas (\$88 million), the Netherland Antilles (\$72 million), the Leeward-Windward Islands (\$61 million), Bermuda (\$57 million), and Jamaica (\$33 million). Combined, these island/island groups imported 81 percent of total U.S. consumer-oriented exports to the region.

However, while U.S. exports of consumer-oriented products to the Caribbean have performed well in recent years, market share statistics indicate there is plenty of room for growth. In 1989, total Caribbean (including Hispaniola) imports of consumer-oriented products from the world amounted to 62 percent (\$1.4 billion) of the region's total agricultural imports. Of this total, the United States supplied only 28 percent. In contrast, the United States supplied the Caribbean with 90 percent of its total bulk imports valued at \$460 million. Clearly, there is room for the United States to significantly strengthen its presence in the consumer-oriented market of the Caribbean.

The potential for U.S. agricultural exports and particularly consumer-oriented exports to grow in this market depends on many factors. Most importantly, the currently well-established tourist industry must continue to prosper. Second, the success of the Caribbean Basin Initiative and especially the Enterprise for the Americas Initiative will play important roles in the long-term development of the region for trade. And finally, a host of seemingly intangible trade barriers appear to exist in the form of cultural barriers, disaggregated markets, and traditional trade ties to European countries. If the United States can overcome these obstacles, the rewards should be ample.

For more information, contact Lori Huthoefer, (202)382-9054.

EAI ASPIRES TO ESTABLISH HEMISPHERE-WIDE FREE TRADE SYSTEM

On June 27, 1990, the United States announced the legislation of the Enterprise for the Americas Initiative (EAI)--a major new initiative to help forge a genuine partnership of free market reform to promote economic growth and political stability in Latin America and the Caribbean. The initiative rests on three pillars: trade, investment, and debt. The objective of the trade pillar is to expand trade by working with the countries of the region through the Uruguay Round and by entering into free trade agreements with the ultimate goal of establishing a hemisphere-wide free trade system.

As an interim step to an FTA, countries are encouraged to negotiate framework agreements with the United States. These agreements set out some basic principles of trade relations and create a bilateral consultative mechanism in the form of a Trade and Investment Council to discuss trade (and investment) related issues. These agreements will serve as a stepping stone to full FTA negotiations with the United States.

May Imports Down From Year-Ago Level; But Year-to-Date Imports Unchanged

U.S. agricultural imports for May totaled \$2 billion, down 5 percent from April and down 1 percent from May 1990. May's imports bring the cumulative import total to \$15.4 billion, about the same as last year's 8-month figure.

The small overall change in imports from last year masks significant changes between categories. Noncompetitive imports for May totaled \$465 million, down 9 percent from last year, led by a 31-percent drop in cocoa imports and a 7-percent decline in rubber products imports.

Noncompetitive imports for May fell \$48 million from last May, and so far this year are down \$55 million when compared to year-earlier figures. Of the \$39-million drop in cocoa imports, \$31 million, or 80 percent came from the Ivory Coast in the form of bulk cocoa. The year-to-date cocoa imports are roughly the same as last year.

Rubber imports also fell slightly from \$55 million to \$51 million in May. Year-to-date rubber imports mirror May's performance and are virtually identical to last year.

The only remaining non-competitive category that fell was bananas, off 2 percent from last May, but remain 3 percent higher for the year-to-date, at \$646 million.

Competitive imports increased only 1 percent to \$1.5 billion in May and are largely unchanged from the record year-to-date figures of last year.

There were no notable increases in noncompetitive imports for May. For the year, only spices (up 6 percent to \$176 million) and bananas showed any significant gains.

Competitive imports were up 1 percent to \$1.5 billion, due mainly to

strong growth in vegetable and beef imports. These increases were offset somewhat by declines in dairy and wine and beer imports. Two notable increases included a 29-percent rise in beef imports, and a 21-percent rise in vegetable imports to \$196 million for May.

Cumulative year-to-date competitive imports are largely unchanged from the record year-to-date figures of last year. Some individual highlights include year-to-date imports of beef up 6 percent to \$1.3 billion, while vegetable imports are down 10 percent to \$1.6 billion. The year-to-date change in vegetable imports is partly due to the recovery in domestic production from last year's freeze.

Imports of dairy products registered the largest drop in the competitive category, falling 13 percent (\$11 million) from year-earlier levels. Year-to-date, dairy products remain below 1990 imports by \$100 million, due mainly to lower purchases by the EC.

Among the United States' top 10 agricultural trading partners, Mexico showed the largest increase from last May, up \$47 million, due largely to a \$38-million increase in fresh vegetables. The largest decline was registered by Brazil, falling 32 percent from last May. Much of this decline was caused by a \$43-million drop in purchases of orange juice.

For more information, contact Thomas St. Clair (202)382-9521.

U.S. Agricultural Imports by Major Product Sector May 1991 and Year-to-date Versus Year-ago

Import Category	May 1991	May 1990	% Chg	Oct-May FY91	Oct-May FY90	% Chg
			-- Million \$ --			
Total competitive	1,497	1,476	1%	11,592	11,593	0%
Fruits, incl. juices	213	212	0%	1,449	1,569	-8%
Wines & beer	152	163	-6%	1,201	1,181	2%
Vegetables	196	162	21%	1,564	1,743	-10%
Live Animals	113	112	1%	884	762	16%
Beef & veal	187	145	29%	1,282	1,209	6%
Dairy products	68	79	-13%	503	604	-17%
Pork	75	74	2%	589	544	8%
Total noncompetitive	465	512	-9%	3,787	3,842	-1%
Coffee & products	164	162	1%	1,360	1,440	-6%
Cocoa & products	84	123	-31%	694	693	0%
Bananas/plantains	89	91	-2%	646	625	3%
Rubber/allied gums	51	55	-7%	469	473	-1%
Spices	24	23	6%	176	159	10%
Tea	14	14	2%	101	106	-5%
Total agri. imports	1,961	1,989	-1%	15,379	15,435	0%

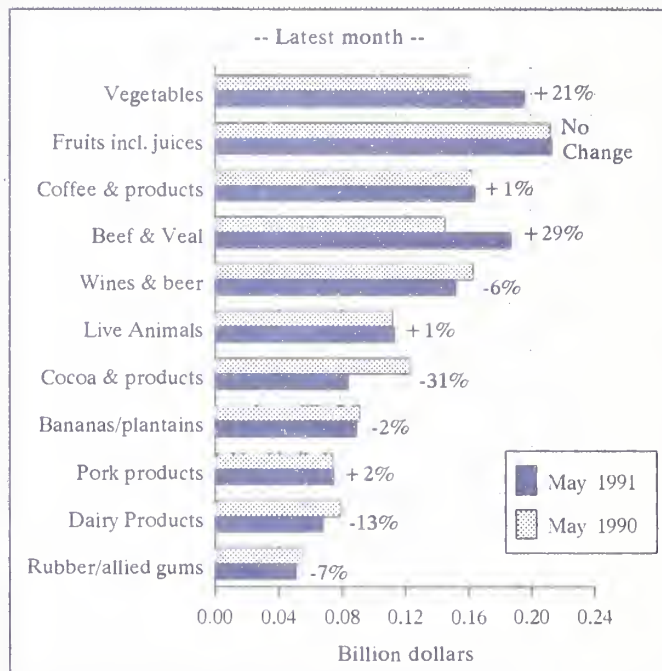
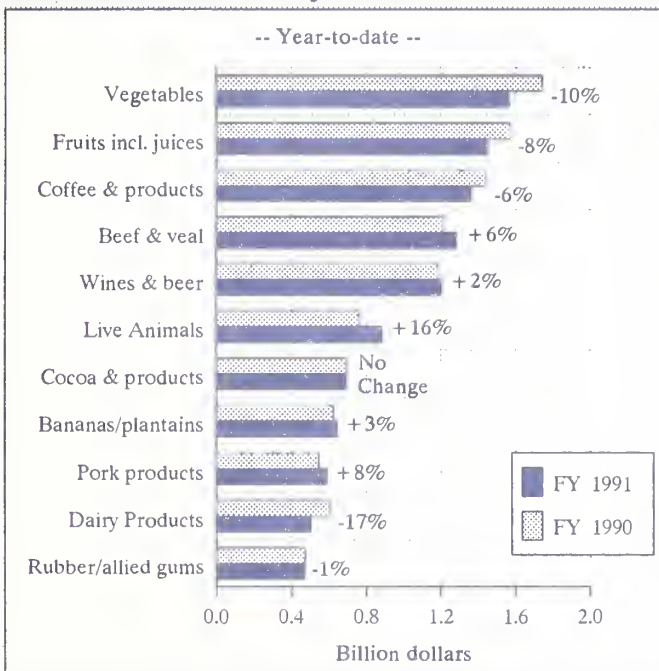
Source: Commodity Trade Analysis Branch, Economic Research Service, U.S. Department of Agriculture, Washington, D.C.

Noncompetitive imports do not compete with U.S. production and include: bananas/plantains, coffee (incl. processed), cocoa (incl. processed), rubber/allied gums, spices, essential oils, tea, and carpet wools.

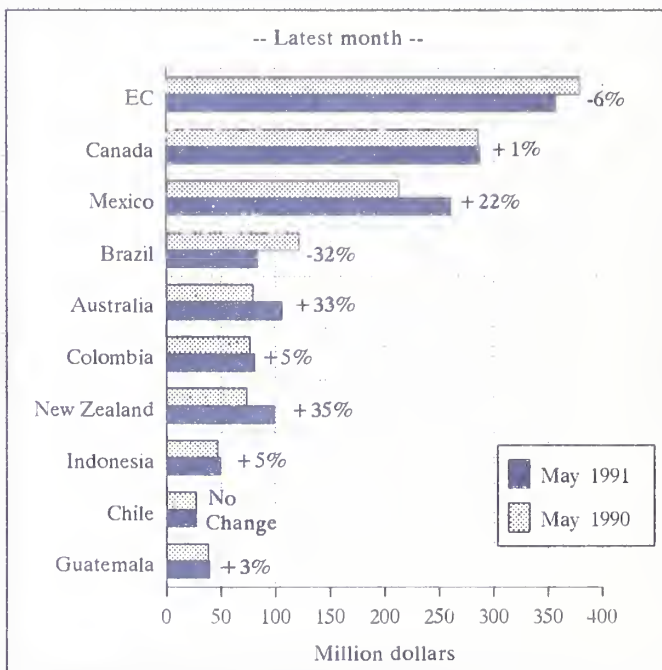
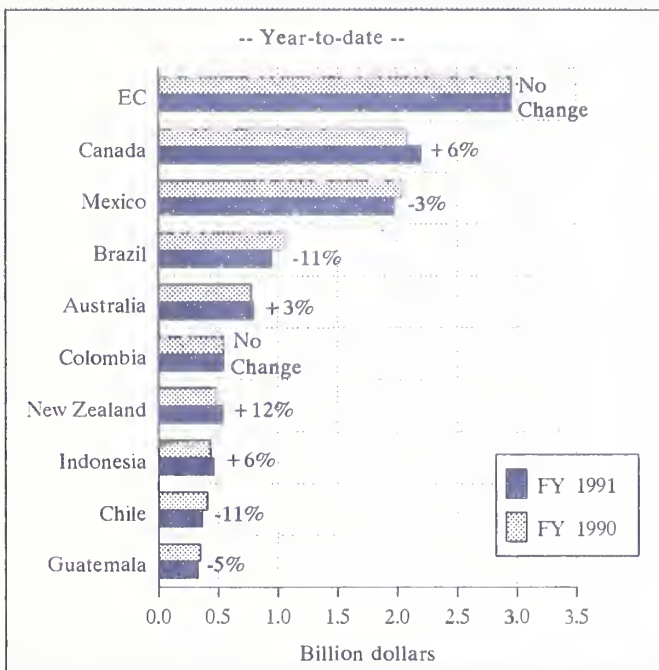
U.S. Agricultural Import Summaries

October-May and Latest Month Comparisons

Product Summary



Top Ten Suppliers Summary



Note: Percentages are computed as the change from a year ago.

Upcoming International Food Shows

One of the many marketing tools available to U.S. food and beverage exporters is participation in international food shows. This is a cost-effective method of reaching new customers and markets. International food shows offer exporters the opportunity to save time and financial resources by meeting many different buyers at one time. These shows also can serve as a forum to introduce new food products overseas and to enlist the services of local sales agents. Many new food items require extensive market research, and international food shows provide an excellent opportunity for product demonstration and sampling before a discriminating clientele of food buyers and distributors.

How USDA Participates in International Food Shows

The U.S. Department of Agriculture's Foreign Agricultural Service (FAS) coordinates participation at international food shows in leading foreign markets. FAS charges a participation fee and, in return, provides exhibitors a booth in the U.S. pavilion and various other show-related services, including shipping products from a U.S. consolidation point to the exhibition site, advertising the show, and inviting foreign traders to visit the booths. Booths are allocated on a "first-come, first-served" basis. Exhibitors must provide product samples and a full-time sales representative at the show. Once show participation is confirmed, exhibitors are also responsible for making their own travel arrangements and obtaining their own passport visas, as necessary.

What Products Should Be Exhibited

Potential buyers at an international food show generally expect to find the following categories of food and

... a cost-effective method of reaching new customers and markets.

beverage products at U.S. exhibits: quality gourmet items, easy-to-prepare products such as microwavable and frozen foods, regional specialties, health foods, delicatessen items and a whole range of beverages from mineral water to wine.

All food products displayed at FAS-sponsored pavilions must contain at least 50 percent agricultural and/or food ingredients of U.S. origin computed on a value or volume basis. Product labels must indicate that the products are either produced or processed in the United States.

Who Attends the Shows

Visitors at international food shows are primarily professionals from food manufacturing, the wholesale and retail grocery trade, the supply and crafts industry, industrial and institu-

tional catering, and restaurant, snack bar, and fast-food outlets.

Where to Get Information

The calendar below provides a listing of upcoming international trade shows. For more information, contact the Trade Show Office, High Value Products Services Division, Foreign Agricultural Service, Room 4939 South Building, Washington, DC 20250-1000; telephone, (202) 475-3423.

International Food and Beverage Show Calendar

Show	Location	Dates
MEFEX '92	Manama, Bahrain	February 15-18, 1992
Alimentaria '92	Barcelona, Spain	March 7-12, 1992
Food & Hotel Asia '92	Singapore	April 7-10, 1992
American Food Shop	Tokyo, Japan	April 14-16, 1992
CIBUS '92	Parma, Italy	Early May 1992
U.S. Food Festival '92	Mexico City, Mexico	July 1992
3rd Seoul-American Food Fair	Seoul, Korea	September 2-4, 1992
Hong Kong Solo	Hong Kong	September 8-10, 1992
SIAL '92	Paris, France	October 25-29, 1992

Trade Policy Updates

Update on Uruguay Round Agriculture Negotiations

On July 24, the GATT Secretariat circulated an options paper that reflects the results of earlier technical discussions. It sets out options on the basis of which commitments in the areas of domestic support, market access, export competition, and sanitary and phytosanitary issues could be negotiated.

Key issues in the area of domestic support discussed in the options paper include the basis for exemption from reduction commitments; means of expressing and implementing reduction commitments; the development of strengthened and more operationally effective rules and disciplines; and the application of special and differential treatment to commitments by developing countries. Within the market access area, two broad types of policies are discussed: border measures other than normal customs duties; and normal customs duties. Topics discussed in the export competition area include the definition of an export subsidy, types of reduction commitments (that is, budgetary or quantitative), circumvention, rules and disciplines, and special and differential treatment for developing countries. The options for the sanitary and phytosanitary area include disciplines on national approval systems, the conditions under which the use of measures more stringent than international standards can be justified, and disciplines with respect to subnational obligations.

A proposal by the EC to undertake significant reform of its CAP (see below) has potentially positive implications for the Uruguay Round, although it is difficult to predict how much any final reform package for EC agriculture will resemble the original proposal.

EC Commission Adopts CAP Reform Proposal

On July 9, the EC Commission adopted a proposal to reform the Common Agricultural Policy. The proposal features reductions in institutional prices for cereals (35 percent), milk (10 percent), butter (15 percent), skim milk powder (5 percent) and beef (15 percent). It also includes supply control measures for cereals, oilseeds and protein crops (15 percent set aside), milk (quota cut), and tobacco (quota). Farmers would be compensated for the income loss due to price cuts and supply control measures via deficiency payments for cereals, oilseeds, and protein crops, and premia based on extensive farming for beef and dairy. Small scale producers would be exempt from set aside and dairy quota cuts. The price cuts and other measures would be phased in over a 3-year period beginning in 1993. The first year of full implementation would be 1996. The Commission also approved accompanying measures on environmental protection, forestation, and early retirement.

The Commission presented its proposal to the Agriculture Council July 15. Commissioner MacSharry stated that ministers had reacted less negatively than expected and indicated that he sought a decision by December with implementation in 1992. Otherwise, price cuts would have to be made in the 1992 price fixing. The Irish and Danish ministers complained that cereal price cuts in the proposal were too severe, while the Germans advocated a supply management scheme. Minister Gummer (UK) complained that efficient producers would have to bear a disproportionate burden of the proposed reforms.

Enlargement Meeting

U.S. and EC officials met on June 30 to begin negotiations on a final agreement of the U.S.-EC Enlargement Agreement. Under the terms of the December 1990 1-year extension, both parties are committed to conclude a final agreement by September 1991. The Enlargement Agreement compensates the U.S. for tariff bindings broken when Spain joined the EC, by providing for minimum annual imports of at least 2 million tons of corn and 300,000 tons of sorghum into Spain through reduced-levy quotas. The talks will continue in September.

...Trade Policy Updates

Wine and Whiskey Negotiations With EC

U.S. and officials met July 1-2 in Washington to discuss market access in the EC for U.S. wine and whiskey. The United States is seeking derogations from EC technical regulations which impede U.S. wine exports, and protection in the EC market for three U.S. geographic indications--American Bourbon, Tennessee and American blended whiskeys. The talks will resume in September.

EC Environment Council Approves Ban on Fur Imports Caught in Leghold Traps

The EC Environment Council has reached a political agreement on the Commission's proposal to ban the use of leghold traps and the sale of furs caught with leghold traps in the Community. The ban will be effective January 1, 1995. The restrictions will also apply to fur imports of certain species of wild animals originating in countries which use leghold traps or methods not conforming with international norms for humane trapping. EC imports of fur caught in leghold traps may continue through December 1995 if the Commission and a Member State committee determine by July 1994 that the exporting countries are making sufficient progress in establishing humane trapping methods in their territories.

Communist Trading Bloc Comes to an End

Members of the Council for Mutual Economic Assistance (CMEA), also known as Comecon, have signed a document that formalizes the organization's termination. The group has been acting in name only since its member countries switched to hard currency accounting in January of this year. It should take about 3 months to liquidate Comecon, and disputes regarding the distribution of its headquarters have already begun. Moscow would like to purchase the property at the book value of \$23 million instead of the actual value of \$500 million, but the former members would like the land to be shared by the chambers of commerce and business representatives of the (former) Comecon members.

4 in Latin America Sign Framework Pact with United States

On June 19, 1991, Argentina, Brazil, Paraguay and Uruguay (ABUP) brought to 13 the number of Latin American countries that have signed a Trade and Investment Framework Agreement with the United States. The U.S.-ABUP Framework Agreement was the first plurilateral agreement signed. All previous agreements were bilateral. The purpose of framework agreements is to establish principles and means for achieving cooperation on trade and investment issues.

Panel Rejects U.S. Review Request In Canadian Pork Case

An extraordinary challenge committee, established in April to review the actions of a U.S.-Canada FTA dispute settlement panel, issued its report in mid-June. The binational panel had examined the ITC injury determination in the countervailing duty (CVD) case involving imports of pork from Canada, and had issued a report ordering the ITC to recalculate its injury determination in that case. The committee concluded that the request for an extraordinary challenge failed to meet the standards of such a challenge as set forth in the FTA, Article 1904. As a consequence of this action, the binational panel report stands, as does the negative injury determination that resulted from the ITC's recalculation.

Brazil Revokes Balance Of Payments Cover In GATT

On July 11, Brazil revoked balance of payments cover (GATT Article XVIII:B) for GATT inconsistent trade measures. This action solidifies the trade liberalization measures undertaken by the Collor government. In an informal agreement associated with the action, Brazil noted its intention to eliminate remaining GATT-inconsistent measures in the informatics sector by October, 1992 and GATT contracting parties undertook not to challenge the GATT consistency of such measures during that period.

...Trade Policy Updates

Materials Available

- GATT Proposal on Food Safety Standards and What It Means for the United States (revised June 1991)
- Agricultural Reform in the Uruguay Round: Implications for the Environment (June 1991)
- U.S. Legislation to Counter Unfair Foreign Trade Practices (Revised May 1991)
- Agricultural Trade Policy and Trade for Central and Eastern Europe (Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, Yugoslavia) -- May 1991
- Agriculture in a North American Free Trade Agreement -- An Interim Review (Revised April 1991)
- Office of Food and Technical Services (April 1991) Export Enhancement Program (Revised April 1991)

Trade Policy Updates are prepared monthly by the Trade Assistance and Planning Office, International Trade Policy, Foreign Agricultural Service, U.S. Agriculture. Interested U.S. parties may send requests for copies of Fact Sheets and reports listed above to the Trade Assistance and Planning Office, 3101 Park Center Drive, Suite 1103, Alexandria, VA 22302, Tel: (703) 756-6001, FAX: (703) 756-6124.

Market Updates

Zimbabwe May Need To Import Corn

Despite adamant denials by the government, a local grain producers group indicates that nearly 200,000 tons of corn may need to be imported during the 1991/92 marketing year. Zimbabwe is normally an exporter of between 400,000 - 500,000 tons, primarily to South Africa and neighboring countries. However, with production the lowest since 1986, and stocks the lowest since 1984 when imports were over 250,000 tons, this year's shortfall could be stronger for the whole region.

Venezuela May Import U.S. Rice

The Government of Venezuela has dropped rice from the basket of commodities subject to price control which had inhibited purchases from the international market. Domestic consumer prices are now expected to rise in line with world prices and to facilitate imports. Venezuela had been expected to import 100,000 tons of rough rice in 1991 to supply unusually strong domestic consumption resulting from relatively low official prices and subsidized distribution programs to select public sector groups. However, until now, the ceiling on consumer prices kept imports uncompetitive despite the lack of sufficient domestic supply to satisfy consumer needs. Low availabilities of exportable rice in Colombia and the reluctance of Thailand to sell paddy rice leaves the United States as the most likely supplier in the near term.

Turkey Opens Tobacco Trade to Private Sector

Turkey recently ended the state monopoly's (TEKEL's) 130-year reign over the tobacco and cigarette business. According to a recently published decree, private companies can now directly import tobacco and cigarettes. However, the time frame and method of implementation of the decree are as yet undetermined. Once operational, U.S. exports should benefit from this decree. Last year, U.S. tobacco leaf exports to Turkey totaled close to \$18 million.

Australian Commission Calls For An End to Dairy Export Subsidies

Australia's Industry Commission recently released a report calling for gradual reduction of government assistance to the dairy industry, including a phaseout of export subsidies. Current arrangements that tax domestic consumption to subsidize dairy exports are said to increase the overall cost of milk products to Australia consumers by over \$100 million. Government intervention in Australia's dairy sector takes the form of milk supply quotas that fix farm gate and retail prices, restrictions on interstate trade in fresh milk, and export subsidies on dairy products.

Morocco's GSM-102 Program Reallocated To Include Railroad Ties

On June 27, Morocco's GSM-102 commodity credit guarantee lines were reallocated to include railroad ties. A guarantee credit line worth \$2 million for solid wood products, including railroad ties, was established by decreasing the credit guarantee line for rice by \$2 million. The total program level remains unchanged at \$32 million.

EC Sells Record Amount Of Wheat to China

Trade sources indicate that China has purchased a total of 1.75 million tons of French wheat at about \$75 FOB for September through November delivery. This is the largest purchase from the EC in more than 15 years.

Thailand Sells Rice to Iraq

According to the U.S. Agricultural Attache in Bangkok, a group of Thai exporters has sold 45,000 tons of rice to Iraq in what is probably the first direct sale of rice to that country from any origin since the Gulf war. The terms of the sale appear to be on a cash basis, with an agreement for repayment of old debt. In addition, there seems to be another deal in the making between the two countries for over 500,000 tons of rice for CY 1991 and CY 1992 delivery. Traditionally, Iraq was a major market for U.S. rice importing 350,000 - 500,000 tons yearly.

...Market Updates

Taiwan Barters for Chinese Corn

Taiwan will reportedly barter 10,000 tons of rice for 100,000 tons of Chinese corn in the first barter trade between the two countries. Taiwan is one of the world's largest corn markets, which in recent years has been almost entirely supplied by the United States.

Egypt Grow Cotton On Reclaimed Lands

Recent reports from Egypt continue to suggest that Japan and Kuwait are maintaining an interest in financing extra-long staple (ELS) cotton production on reclaimed lands in the Sinai. Higher prices for competing crops have reduced ELS production in the Nile Valley, and curtailed Egypt's exports of ELS to Japan and other traditional customers the Far East and Europe. The combined projects would irrigate over 400,000 hectares, approximately doubling the area currently devoted to ELS production. The added production would increase the competitive pressures between Egyptian ELS and U.S.-produced Pima cotton, an extra-long staple variety that is also popular in Japan and Europe.

Egypt To Test Cotton From Other Suppliers

The Egyptian Ministry of Agriculture and Land Reclamation (MALR) and the Egyptian Cotton Authority (ECA) agreed on a plan to test the import suitability of upland cotton from countries such as Greece, Syria, Turkey, and Pakistan. Egypt maintains strict phytosanitary requirements for imported cotton that have excluded cotton imports from these and other cotton suppliers. U.S. cotton shippers are able to meet the strict requirements and maintain a 90-percent market share of Egyptian cotton imports. It is unlikely, however, that the dominant position the United States maintains will be altered as long as the phytosanitary requirements are evenly enforced among other potential suppliers. (Egypt exports its high quality ELS cotton and imports shorter-staple upland cotton to produce domestically consumed textiles).

U.S. Chicken Meat Implicated in Mexican Death

Chicken meat alleged to have been unwholesome and to have been imported from the United States has been implicated in the death of one Mexican worker and the hospitalization of 14 others. Approximately 365 additional people became ill after eating the chicken meat. This occurred in late June at a Juarez maquiladora (free trade zone) RCA operation cafeteria. The cooks and the butcher allege that the chicken did not look or smell spoiled. No determination has been made as to whether the chicken was wholesome when it was imported. Mexican officials are conducting an investigation. While a ban on U.S. imports was called for, it is believed that such a ban was never made official.

EC Beef Sector Practically Untouched By Policy Mores

Two recent moves by the European Community (EC) have failed to introduce significant positive changes to the EC's beef sector. The final price package adopted on May 25 includes several changes to the beef intervention mechanism, but they are all quite modest. The Commission's original proposal to terminate the safety net provisions and eliminate the normal intervention stock ceiling were rejected. Under the new regime, both the safety net and the 235,000 tons annual intervention ceiling are preserved, but the trigger price levels for normal and safety net buying are reduced marginally. Likewise, the Common Agricultural Policy reform proposal for beef would lower the intervention price by 15 percent. However, this is largely compensated for by a 10-percent reduction in the prices of feed cereals and concentrates, and increased premiums for extensive producers. It appears likely that the principle effect of both decisions will be to further depress market prices without significantly reducing stock build-up.

...Market Updates

USDA Amends GSM-102 Guarantees to Mexico

On July 16, the USDA reallocated \$35 million in credit guarantees in Mexico's GSM-102 FY 1991 program. The credit line for oilseeds (soybeans, cottonseed, peanuts, flaxseed, and sunflowerseed) was increased by \$30 million, from approximately \$335.4 million to about \$365.4 million and the solid wood products line (plywood, lumber and railroad ties) was increased by \$5 million, from approximately \$42.5 million to about \$47.5 million. The pulses line (dry edible beans, peas and lentils) was reduced by \$15 million, from \$30 million to \$15 million, the tallow, grease and/or lard line by \$15 million, from \$50 million to \$35 million and the protein concentrates line (animal and/or vegetable origin) by \$5 million, from \$10 million to \$5 million. The total fiscal year 1991 allocation remains unchanged at \$1,225 million.

USDA Increases GSM-102 Wheat Guarantees to Pakistan

On July 16, the USDA increased the amount of credit guarantees available for sales of U.S. wheat under Pakistan's GSM-102 FY 1991 program by \$50 million, from \$20 million to \$70 million. The total fiscal year 1991 GSM-102 allocation for sales to Pakistan increased from \$60 million to \$110 million.

USDA Raises GSM-102 Guarantees to Korea

Also on July 16, the USDA increased the amount of operational credit guarantees for sales of U.S. agricultural commodities to Korea by \$8 million, from \$492 million to \$500 million. This action established a credit guarantee line for sales of U.S. dressed and/or undressed sheepskins and/or lambskins, (in whole form) for \$8 million. A total of \$512 million is authorized for Korea and additional operational details for the remaining \$12 million authorized will be issued later.

P.L. 480 Title I Sales

El Salvador purchased soybean meal. On July 12 El Salvador purchased about 9,500 tons of soybean meal (48 percent protein) at \$200.84 per tons. None of the soybean meal will be shipped on a U.S. flag vessel.

Philippines purchased soybean meal. On July 16 Philippines purchased about 72,000 tons of soybean meal (48 percent protein). Prices ranged from \$202.84 to \$206.35 per tons. About 66 percent of the soybean meal will be shipped on a U.S. flag vessel.

Cumulative sales through July 18. Fiscal year 1991 P.L. 480, Title I sales registered to date total \$285 million (about 2,020,000 metric tons). Purchases have been made by Congo, Costa Rica, Egypt, El Salvador, Guyana, Jamaica, Philippines, Sierra Leone, Sri Lanka, Tunisia, and Zaire.

Limitation Placed on Financing Participation In GSM Programs

On July 12 the USDA announced that banks operating in the United States which are owned or controlled by the government of a foreign country will be henceforth ineligible to receive assignments of proceeds of payment guarantees issued under the GSM-102 and 103 programs when such guarantees have been issued for sales of agricultural commodities to the foreign country in question. The policy is intended to prevent the situation in which CCC would receive a claim for loss from a financial institution operating in the United States that was owned or controlled by a government which may have been directly or indirectly responsible for the default giving rise to the claim. In addition, the new policy reinforces other program objectives, specifically the shared risk principal, by ensuring that the United States financial institution taking assignment makes an independent and objective evaluation of credit risk before extending financing to foreign purchasers.

...Market Updates

Argentina Imports EC Milk Powder, Opportunities for U.S. May Exist

Argentina will import between 3,000 and 3,500 tons of nonfat dry milk (NFDM) at subsidized prices from the EC to overcome shortfalls in domestic production, according to local news sources. The landed price for the NFDM is expected to be \$1,600 C&F. This year's winter downturn in milk output in Argentina is expected to have a pronounced effect on production as farmers react to lower domestic milk prices. Furthermore, the relative strength of the Argentina Austral and the recent elimination of the import tariff on NFDM has stimulated foreign interest in Argentina's dairy products market. The U.S. embassy indicates that opportunities may exist for U.S. dairy exporters as well.

Export Enhancement Program (EEP) Update

The total amount awarded under the EEP including the 5-percent upward tolerance is \$738,731,040.61.

July 12. USDA accepted bids under the Export Enhancement Program (EEP) for 18,000 tons of barley to Israel, 26,460 dozen medium white table eggs to the United Arab Emirates, and 5,000 tons of soybean oil to Turkey.

July 15. USDA accepted bids for 500 tons of long grain milled rice to Hungary, 26,460 dozen medium white table eggs to the United Arab Emirates, 3,000 tons of soybean oil to Mexico, and 12,000 tons of soybean oil to Morocco.

July 16. USDA accepted bids for 2,000 tons of soybean oil to Turkey and 70,000 tons of wheat flour to Yemen.

July 17. USDA accepted bids for 750 tons of mixed wheat to the West and Central African Countries and 125,000 tons of wheat to Algeria, including 100,000 northern/dark northern spring and 25,000 hard amber durum, 60,000 tons of wheat flour to Yemen, 3,000 tons of rice to Hungary and 1,400 tons of whole frozen broilers to Saudi Arabia.

July 18. USDA accepted bids for 50,000 tons of hard amber durum wheat to Algeria.

July 19. USDA accepted bids for 16,000 tons of barley to Israel; 227 tons of whole frozen broilers to Singapore, 95 tons of whole frozen broilers to United Arab Emirates, 25,000 tons of wheat flour to Yemen, and 1,000 tons of soybean oil to Turkey.

July 22. USDA accepted bids for 14,000 tons of barley to Israel, 25,000 tons of hard amber durum wheat to Algeria, and 25,000 tons of wheat flour to Yemen.

July 23. USDA accepted bids for 15,500 tons of barley to Israel, 998,070 tons of hard red winter wheat to China, 7,000 tons of soybean oil to the Dominican Republic, and 4,500 tons of soybean oil to Turkey.

July 24. USDA accepted bids for 5,000 tons of wheat flour to West and Central African Countries, 99,300 tons of hard red winter wheat to Egypt, and 1,000 tons of long grain milled rice to Hungary.

July 25. USDA accepted bids for 6,000 tons of barley to Israel, 52,920 dozen medium white table eggs to United Arab Emirates, and 74,800 tons of wheat to Algeria, including 50,000 northern/dark northern spring and 24,800 hard red spring.

U.S. Agricultural Exports by Major Commodity Group

Monthly & Annual Performance Indicators Including Fiscal 1991 Forecasts

	May			October–May			Fiscal Year		
	1990	1991		1989–90	1990–91		1990	1991(f)	
	-- Bil.\$ --	-- Change		-- Bil.\$ --	-- Change		-- Bil.\$ --	-- Change	
Grains & feeds 1/	1.335	0.979	-27%	11.434	8.554	-25%	16.019	12.4	-23%
Wheat	0.294	0.243	-17%	2.912	1.879	-35%	4.224	3.1	-27%
Wheat flour	0.016	0.014	-10%	0.165	0.117	-30%	0.202	NA	NA
Rice	0.050	0.072	44%	0.630	0.542	-14%	0.830	0.8	-4%
Feed grains 2/	0.765	0.398	-48%	5.805	3.914	-33%	7.962	5.7	-28%
Corn	0.673	0.346	-49%	5.057	3.325	-34%	6.929	4.9	-29%
Feeds & fodders	0.129	0.168	30%	1.269	1.311	3%	1.812	NA	NA
Oilseeds & products	0.355	0.417	18%	4.837	4.091	-15%	6.253	5.5	-12%
Soybeans	0.148	0.246	66%	3.216	2.625	-18%	3.939	3.4	-14%
Soybean meal	0.078	0.074	-5%	0.744	0.663	-11%	0.990	0.9	-9%
Soybean oil	0.031	0.016	-48%	0.198	0.092	-53%	0.339	0.2	-41%
Other vegetable oils	0.043	0.025	-41%	0.272	0.277	2%	0.394	NA	NA
Livestock products	0.480	0.476	-1%	3.638	3.767	4%	5.418	5.4	-0%
Red meats	0.056	0.065	16%	0.197	0.225	15%	2.181	NA	NA
Hides & Skins	0.159	0.128	-19%	1.209	1.018	-16%	0.468	NA	NA
Poultry products	0.082	0.091	11%	0.565	0.669	18%	0.856	1.0	17%
Poultry meat	0.059	0.063	5%	0.412	0.486	18%	0.624	NA	NA
Dairy products	0.023	0.033	41%	0.229	0.210	-8%	0.342	0.4	17%
Horticultural products	0.511	0.537	5%	3.300	3.990	21%	5.154	5.7	11%
Unmanufactured tobacco	0.124	0.204	65%	1.078	1.180	9%	1.373	1.4	2%
Cotton & linters	0.209	0.199	-5%	2.029	2.263	12%	2.719	3.0	10%
Planting seeds	0.022	0.024	11%	0.430	0.477	11%	0.580	0.6	3%
Sugar & tropical products	0.118	0.123	4%	0.927	1.091	18%	1.401	1.6	14%
Forest Products 4/	0.596	0.606	2%	4.279	4.315	1%	6.431	NA	NA
Total Ag. export value	3.259	3.083	-5%	28.468	26.292	-8%	40.118	37.0	-8%

	-- MMT -- Change			-- MMT -- Change			-- MMT -- Change		
Grains & feeds 1/	9.316	7.164	-23%	80.809	65.412	-19%	113.555	NA	NA
Wheat	1.950	2.225	14%	18.242	17.893	-2%	28.095	27.5	-2%
Wheat flour	0.065	0.070	8%	0.703	0.616	-12%	0.88	1.0	14%
Rice	0.155	0.210	36%	1.894	1.815	-4%	2.502	2.4	-4%
Feed grains 2/	6.238	3.532	-43%	51.070	35.925	-30%	69.031	52.0	-25%
Corn	5.485	3.060	-44%	44.486	30.429	-32%	59.878	44.3	-26%
Feeds & fodders	0.733	0.968	32%	7.591	7.687	1%	11.065	11.1	0%
Oilseeds & products	1.228	1.610	31%	19.138	16.030	-16%	24.046	NA	NA
Soybeans	0.621	1.060	70%	14.191	11.406	-20%	17.217	14.7	-15%
Soybean meal	0.387	0.355	-8%	3.427	3.199	-7%	4.558	4.5	-1%
Soybean oil	0.051	0.031	-39%	0.387	0.146	-62%	0.614	0.3	-51%
Other vegetable oils	0.069	0.035	-49%	0.272	0.277	2%	0.618	NA	NA
Livestock products 3/	0.226	0.191	-15%	1.609	1.506	-6%	2.381	NA	NA
Red meats	0.056	0.065	16%	0.453	0.496	9%	0.676	0.7	4%
Poultry products 3/	0.053	0.050	-6%	0.374	0.424	13%	0.564	NA	NA
Poultry meat	0.053	0.050	-6%	0.371	0.420	13%	0.56	0.6	7%
Dairy products 3/	0.015	0.021	40%	0.139	0.142	2%	0.214	NA	NA
Horticultural products 3/	0.467	0.442	-5%	2.975	3.462	16%	4.565	5.0	10%
Unmanufactured tobacco	0.019	0.028	47%	0.175	0.185	6%	0.22	0.2	-9%
Cotton & linters	0.130	0.122	-6%	1.274	1.381	8%	1.703	1.8	6%
Planting seeds	0.025	0.017	-32%	0.336	0.324	-4%	0.578	NA	NA
Sugar & tropical products 3/	0.063	0.092	46%	0.536	0.778	45%	0.921	NA	NA
Total Ag. export volume 3/	11.54	9.74	-16%	107.36	89.64	-17%	148.75	129.0	-13%

NA = Not available.

1/ Includes pulses, corn gluten feed, and meal.

2/ Includes corn, oats, barley, rye, and sorghum.

3/ Includes only those items measured in metric tons.

4/ Wood products are not included in agricultural product value totals.

Note -- 1991 forecasts are taken from "Outlook for U.S. Agricultural Exports," May 29, 1991.

U.S. Agricultural Export Value by Region
Monthly and Annual Performance Indicators

	May			October–May			Fiscal Year		
	1990	1991		1989–90	1990–91		1990	1991(f)	
	-- Bil.\$ --	-- Bil.\$ --	Chg	-- Bil.\$ --	-- Bil.\$ --	Chg	-- Bil.\$ --	-- Bil.\$ --	Chg
Western Europe	0.466	0.467	0%	5.742	5.511	-4%	7.289	7.0	-4%
European Community 1/	0.436	0.424	-3%	5.397	5.130	-5%	6.796	6.5	-4%
Other Western Europe	0.030	0.043	43%	0.346	0.381	10%	0.493	0.5	1%
Eastern Europe	0.045	0.013	-72%	0.384	0.234	-39%	0.519	0.4	-23%
Soviet Union	0.260	0.071	-73%	2.444	1.216	-50%	2.938	1.6	-46%
Asia	1.304	1.298	-0%	11.066	10.397	-6%	16.102	14.7	-9%
Japan	0.687	0.720	5%	5.654	5.501	-3%	8.075	7.8	-3%
China	0.063	0.073	15%	0.576	0.476	-17%	0.909	0.6	-34%
Other East Asia	0.406	0.407	0%	3.526	3.284	-7%	5.204	4.7	-10%
Taiwan	0.124	0.157	26%	1.259	1.191	-5%	1.816	1.6	-12%
South Korea	0.217	0.183	-16%	1.815	1.570	-13%	2.702	2.3	-15%
Hong Kong	0.065	0.067	3%	0.451	0.523	16%	0.685	0.8	17%
Other Asia	0.145	0.096	-34%	1.293	1.107	-14%	1.915	1.6	-16%
Pakistan	0.025	0.002	-94%	0.253	0.073	-71%	0.391	0.1	-74%
Philippines	0.044	0.024	-45%	0.234	0.235	0%	0.351	0.4	14%
Middle East	0.139	0.142	2%	1.448	0.952	-34%	1.928	2.0	4%
Iraq	0.040	0.000	-100%	0.460	0.000	-100%	0.491	0.0	-100%
Saudi Arabia	0.026	0.032	24%	0.287	0.315	10%	0.447	0.6	34%
Africa	0.155	0.146	-5%	1.370	1.236	-10%	1.914	1.8	-6%
North Africa	0.124	0.106	-14%	1.097	0.928	-15%	1.437	1.4	-3%
Egypt	0.059	0.046	-21%	0.573	0.472	-18%	0.740	0.8	8%
Algeria	0.044	0.036	-18%	0.321	0.311	-3%	0.423	0.5	18%
Sub Saharan Africa	0.031	0.041	32%	0.273	0.309	13%	0.478	0.4	-16%
Latin America	0.441	0.490	11%	3.375	3.596	7%	8.848	5.0	-43%
Mexico	0.249	0.259	4%	1.781	1.902	7%	2.662	2.4	-10%
Other Latin America	0.193	0.231	20%	1.594	1.694	6%	2.480	2.6	5%
Brazil	0.005	0.012	156%	0.061	0.161	165%	0.104	0.2	92%
Venezuela	0.023	0.028	18%	0.172	0.188	10%	0.346	0.4	16%
Canada*	0.404	0.431	7%	2.290	2.864	25%	3.707	4.3	16%
Oceania	0.025	0.027	7%	0.188	0.230	22%	0.304	0.3	-1%
World Total	3.259	3.083	-5%	28.469	26.292	-8%	40.122	37.0	-8%

*Prior to 1990, it is estimated that U.S. agricultural exports to Canada as reported by the Bureau of the Census were understated. Data prior to January 1990 have not been adjusted.

1/ Excluding East Germany prior to fiscal 1991; including East Germany in fiscal 1991.

Weekly Quotations for Selected International Prices 1/

Dollars per metric ton	Week of 7/25/91	Month ago	Year ago
<i>Wheat (c.i.f. Rotterdam) 2/</i>			
Canadian No. 1 CWRS 13.5%	154	156	166
U.S. No. 2 DNS 15 %	NQ	NQ	145
U.S. No. 2 SRW	142	136	133
U.S. No. 3 HAD	146	150	154
Canadian No. 1 durum	154	158	167
<i>Feed Grains (c.i.f. Rotterdam) 2/</i>			
U.S. No. 3 yellow corn	124	NQ	133
<i>Soybeans and Meal (c.i.f. Rotterdam) 2/</i>			
U.S. No. 2 yellow soybeans	227	238	247
U.S. 44 % soybean meal	NQ	NQ	NQ
Brazil 48 % soy pellets	190	203	201
<i>U.S. Farm Prices 3/ 4/</i>			
Wheat	91	97	99
Barley	70	73	75
Corn	89	91	100
Sorghum	81	82	91
Broiler 5/	NA	NA	1,360
Soybeans 6/	198	223	217
<i>EC Import Levies</i>			
Common wheat	179	179	117
Durum wheat	192	221	132
Barley	160	173	105
Corn	154	149	111
Sorghum	160	161	114
Broilers	NA	NA	270
<i>EC Export Restitution (subsidies) 8/</i>			
Common Wheat	NQ	*	NQ
Barley	157	*	71
Broilers	NA	*	285

NQ = No quote. NA = Not available. Note: Changes in dollar value of EC import levies, intervention prices, and export restitutions may be the result of changes in \$/ECU exchange rates.

1/ Mid-week quote. 2/ Asking price in dollars for imported grain and soybeans and soybean products, c.i.f. Rotterdam for nearby delivery. 3/ Five-day moving average. 4/ Target price for current marketing year in \$/metric ton: wheat, \$147; barley, \$108; corn, \$107; sorghum, \$103. 5/ Composite 12-city weighted average price for trucklot sales to be delivered to first receiver. 6/ Central Illinois processors bid to arrive. 7/ Buy-in equals 94% of intervention price plus full value of monthly increments. 8/ Figures represent restitutions awarded nearest to the listed dates; (*) denotes no award given since the previous month. 9/ "Sluice-gate" price.

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